

XCEL ENERGY INC
Form DEF 14A
April 03, 2018
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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

SCHEDULE 14A

Proxy Statement Pursuant to Section 14(a) of the
Securities Exchange Act of 1934

(Amendment No.)

Filed by the Registrant

Filed by a Party other than the Registrant

Check the appropriate box:

Preliminary Proxy Statement

Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))

Definitive Proxy Statement

Definitive Additional Materials

Soliciting Material pursuant to §240.14a-12

XCEL ENERGY INC.

(Name of Registrant as Specified In Its Charter)

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No fee required.

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Powering the lives of our customers and communities is at the core of what we do each day. We are committed to delivering clean energy without sacrificing reliability or affordability.

We understand the tremendous responsibility we have to ensure public safety, drive economic growth in our communities and protect the environment.

This responsibility is deeply ingrained in our DNA.

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Ben Fowke

Chairman of the Board, President and

Chief Executive Officer

April 3, 2018

Dear Fellow Shareholders:

Xcel Energy looks forward to welcoming you to St. Cloud, Minnesota for our 2018 Annual Shareholders Meeting! We have many exciting things underway across our service territories and I look forward to showcasing our operations, community involvement, and team in our northern territory, a vibrant and major portion of our business.

2017 was another outstanding year for Xcel Energy. Highlights of the year include:

- Meeting or exceeding our annual ongoing earnings guidance for the 13th consecutive year

- Increasing our dividend for the 14th consecutive year

- Exceeding total shareholder return for our 21-member industry peer group on a one-, three-, and five-year basis

- Gaining further recognition as a leader, innovator, and partner in our communities for clean energy solutions

- Delivering strong results on reliability, safety, and affordability, the table stakes of our business

We have many opportunities in front of us, including strategic investments that will serve our customers and our shareholders well into the future. Xcel Energy's future is bright, and I look forward to sharing more with you regarding our plans for:

- Leading the clean energy transition through our steel for fuel growth strategy, providing shareholder, customer, and environmental value

- Enhancing our customers' experience, building customer loyalty and satisfaction

- Keeping customer bills low, all while delivering outstanding service and value

Details for meeting attendance are included in this proxy statement. You can also listen to the meeting via webcast at www.xcelenergy.com.

Also enclosed are details for how and when to vote and other important information. Your vote is very important, so please cast it promptly.

Thank you for your confidence in us. I hope to see you in St. Cloud.

Sincerely,

Ben Fowke

Chairman, President and Chief Executive Officer

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Chris Policinski

Lead Independent Director

April 3, 2018

Dear Fellow Shareholders:

On behalf of the Board of Directors, I join Ben in inviting you to Xcel Energy's 2018 Annual Shareholders Meeting. Your Board is committed to effective governance that delivers both strong results for you and great value for customers.

We are proud to have delivered those results consistently over time. Our sound governance practices combine the benefits of strong, independent oversight with broad expertise and strong management that working together allow us to successfully execute innovative strategies in a complex and changing industry. Our practices ensure effective Board operations, encourage independent thought and judgment, and execute appropriate levels of Board oversight to produce these consistent and strong results.

We are committed not only to delivering outstanding results, but also representing your interests. These and other practices are detailed in the proxy statement, which I encourage you to review as you cast your vote.

As your Lead Independent Director, I am focused on the important obligations that our Board owes to you, our shareholders. My responsibilities include reviewing and approving the agenda for our Board meetings to ensure they cover key areas of Company focus, working with the Chairman to provide the directors information needed to effectively govern, developing and executing succession plans to ensure strong independent oversight over the long term, and acting as a regular communications channel between our independent directors and our chief executive officer duties all designed to ensure the efficient operations of the Board and effective oversight of the Company.

It is my privilege to serve as Xcel Energy's Lead Independent Director, and I look forward to continuing my service to the Company. Know that your Board remains focused on delivering value to you, today and long into the future.

Thank you for investing in Xcel Energy. We look forward to another great year.

Sincerely,

Chris Policinski

Lead Independent Director

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Forward-Looking Statements

The statements contained in this proxy statement about our future performance, including, without limitation, future financial and operational results, strategies, prospects, consequences and all other statements that are not purely historical, are forward-looking statements for purposes of the safe harbor provisions under The Private Securities Litigation Reform Act of 1995. Although we believe that our expectations are based on information currently available and on reasonable assumptions, we can give no assurance they will be achieved. There are a number of risks and uncertainties that could cause actual results to differ materially from any forward-looking statements made herein. A discussion of some of these risks and uncertainties is contained in our Annual Report on Form 10-K and subsequent reports on Form 8-K filed with the Securities and Exchange Commission (SEC), and available on our website: www.xcelenergy.com. These reports address in further detail our business, industry issues and other factors that could cause actual results to differ materially from those indicated in this proxy statement. In addition, any forward-looking statements included herein represent our estimates only as of the date hereof and should not be relied upon as representing our estimates as of any subsequent date. While we may elect to update forward-looking statements from time to time, we specifically disclaim any obligation to do so, even if our internal estimates change, unless otherwise required by applicable securities laws.

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Xcel Energy Inc.

414 Nicollet Mall, Minneapolis, MN 55401

Notice of 2018 Annual Shareholders Meeting

Meeting Information

Time and Date	11:00 a.m. CDT May 16, 2018
Attend in Person	River s Edge Convention Center 10 4 th Avenue South St. Cloud, Minnesota 56301
Record Date	March 20, 2018

Voting Information

Please act as soon as possible to vote your shares, even if you plan to attend the annual meeting.

Your broker will NOT be able to vote your shares with respect to the election of directors and most of the other matters presented at the meeting unless you have given your broker specific instructions to do so. We strongly encourage you to vote.

You may vote via the internet, by telephone, or, if you have received a printed version of these proxy materials, by mail.

See [Questions and Answers about the Proxy Materials and the Annual Meeting](#) beginning on page 61 of this proxy statement for more information.

Annual Meeting Agenda

Proposals

1. Election of 12 directors named in the proxy statement
2. Approval of executive compensation in an advisory vote

3. Ratification of the appointment of Deloitte & Touche LLP as the independent registered public accounting firm for 2018
4. Transaction of other business that may properly come before the meeting

Attending in Person

You do not need to attend the annual meeting to vote if you submit your proxy in advance.

To attend the annual meeting, you will need to:

provide proof of your stock ownership as of the record date;

reserve an admission ticket; and

provide government-issued photo identification (such as a driver's license) prior to entering the meeting.

Doors open at 10:15 a.m.

Meeting starts at 11:00 a.m.

Please refer to the Questions and Answers Section under *Are there any rules regarding admission to the Annual Meeting?* on page 63 and *How do I make a reservation to attend the Annual Meeting?* on page 64.

Notice of Internet Availability of Proxy Materials or this proxy statement and proxy card are being distributed on or about April 3, 2018. **Important Notice Regarding the Availability of Proxy Materials for the Shareholder Meeting to be held on May 16, 2018: Our 2018 proxy statement and Annual Report are available free of charge at www.proxydocs.com/xel**

You are receiving these proxy materials in connection with the solicitation by the Board of Directors (Board) of Xcel Energy Inc. (referred to in this proxy statement as Xcel Energy, the Company, we, us, and our) of proxies to be at Xcel Energy's 2018 Annual Meeting of Shareholders. Please vote on the proposals described in this proxy statement.

Thank you for investing in Xcel Energy.

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Corporate Governance

Corporate Governance

Serving shareholders well is a key priority for your Board. We believe that the most effective oversight comes from:

Strong and effective practices in corporate governance and ethical business conduct as we believe these practices create the business culture that results in successful performance.

Directors that represent a diverse range of experience and perspectives to provide the collective skills, qualifications and attributes necessary to provide sound governance.

A Board that works well as a whole and plans for its own refreshment with members bringing their experience to the table and dialoguing freely with each other and management to create an environment that results in well functioning oversight.

Xcel Energy has the practices, the Board, and the management team to deliver consistent and strong results for shareholders.

We regularly monitor issues and trends in corporate governance and employ practices that best serve shareholders. Current practices include:

Leadership and organization most appropriate to our business. Ours is a rapidly changing business that benefits from industry experience and expertise coupled with strong independent oversight. Through the roles of the Chairman and CEO, Lead Independent Director, and committees of independent directors, we are best positioned to continue delivering strong results. We annually review and confirm this structure to ensure it remains the best suited for our business.

Sound practices to ensure effective Board operations and independent oversight. To ensure the Board remains focused on the right issues over time, Xcel Energy employs sound practices to regularly review and refresh charters and practices in light of current enterprise risk assessments.

Effective Board planning and succession. Succession planning is important for both management and the Board. We employ good practices to ensure Board refreshment over time while maintaining director experience to ensure effective oversight over the long term.

Strong governance practices. Serving shareholders well is a top priority for Xcel Energy. We keep abreast of developments in corporate governance and practices and adopt those that best serve our shareholders.

Regular oversight of key corporate policies. Our governance practices set the foundation for excellent management and operations for the Company. Corporate policies communicate expectations to employees so that they understand and adhere to good business conduct.

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Corporate Governance

Highlights of our practices are summarized on the following table, followed by additional explanation of key features.

Summary of Governance Practices

Structure

Lead Independent Director	Specified duties to ensure robust independent oversight and effective flow of information between management and independent directors.
Committees	Membership and chairs determined to leverage directors' expertise and development to provide effective oversight over their tenure.
Independence and Expertise	Governance, Compensation and Nominating Committee (GCN) regularly reviews and validates director independence and assesses desired expertise for potential new directors to ensure the Board is appropriately refreshed and well positioned to effectively manage risks and execute strategies. The Board also determines which directors qualify as Audit Committee financial experts and meet independence standards under the requirements of Nasdaq and the Securities and Exchange Commission.

Practices

Risk Management	Regular updates to the Board on enterprise risk and assignment of new and emerging risks to the appropriate committee. Regular updates on compliance risk assessment and Audit Committee oversight of plans to mitigate those risks.
Strategy Session	Regular session to review industry landscape, hear from outside experts and refine strategies for execution. The Board and committees receive updates throughout the year on progress made on the key initiatives to execute those strategies.
Annual Evaluations	Formal and regular process for evaluating the effectiveness of Board and committee operations including surveys, individual director conversations with the Lead Independent Director, and executive session discussions to address identified areas for improvement.
Training	Every committee regularly identifies training topics to keep fresh on emerging issues, and directors are encouraged to participate in topical conferences and off-site training opportunities.

Tenure Policies

Term Limit	Directors may not serve on the Board for more than 15 years (directors at the time of the merger in 2000 are exempt from this requirement).
Mandatory Retirement	Directors must retire at age 72.
Change in Principal Employment	Directors must offer to resign upon any substantial change in principal employment.

Shareholder Rights

Shareholder Voting	Opportunity to annually vote for directors, provide an advisory vote on executive compensation and ratify the selection of auditors.
No Supermajority	There are no supermajority voting provisions.
Opportunities to be Heard	Open forum at annual meeting and published lines of communication to our directors and management.
Proxy Access	Ability to nominate director candidates for election, in accordance with the terms of our bylaws.

Corporate Policies

Code of Conduct	Annual review and approval of policy and annual training of directors, officers and employees.
Stock Ownership Requirements	Directors and executive officers are required to maintain specific levels of stock ownership.
Hedging and Pledging	Policies that prohibit hedging and restrict pledging of our stock.

Political Contributions,
Lobbying and Government
Communications

More disclosure than required by law, including an annual disclosure of political contributions on Xcel Energy's website.

Environmental

Commitment to environmental compliance and industry initiatives to enhance value to customers and shareholders.

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Corporate Governance

Leadership Structure and Roles

Our Board consists of a combined Chairman/CEO position, complemented with a Lead Independent Director chosen from our independent directors. This structure, along with other corporate governance practices discussed below, provides sound and independent oversight of the Company. The Board believes that this structure is best suited for the Company at this time and serves shareholders well. We annually review this structure to confirm it is most effective for our business.

The Chairman/CEO role brings to the Board the experience and expertise of both the Company and the industry. The skills and experience of the CEO are well suited for the role of Chairman, putting the Board in the best position to identify and assess key industry drivers and important changes in the energy and consumer landscape to support development of effective strategies. In light of the opportunities and challenges facing the Company and the importance of the Chairman role, the Board believes that shareholders are best served by having a combined role of Chairman and CEO.

Mr. Fowke currently serves in this role, providing the benefit of his extensive experience in the regulated energy industry to both the Company and the Board. His thorough understanding of the opportunities and challenges facing the industry is valuable at both the Board and management levels. For example, he was recognized by Public Utility Fortnightly as one of the 2017 Top Forty industry innovators for Xcel Energy's steel-for-fuel strategy that aggressively advances a clean energy agenda that benefits customers, shareholders and the environment.

The Lead Independent Director plays an important role in our governance structure, working with both the independent directors and management to ensure the Company is well positioned with sound strategy, solid risk management and effective governance. Mr. Policinski serves in this role, having been elected to serve a one-year term in May 2017, his second consecutive year in this role.

The final piece of this governance structure is the independent directors. The Board currently consists of eleven independent directors. Our directors are strong individuals, comfortable with their roles representing shareholders and maintaining objectivity in the Board's deliberations. They conduct business via a sound committee structure that advocates risk management and mitigation as assigned by the Board and reports back to the Board for an efficient and effective process.

The Board believes that this structure ensures that directors receive the information, industry insights and direction needed to form successful strategies while maintaining the independence necessary to ensure effective governance and oversight. Our business is rather unique in that it is price-regulated, operates under a complex set of federal, state and local regulations, and is undergoing significant change. Working with the Lead Independent Director, the Chairman can both educate the Board and lead the development of strategy, providing information and insight on the Company's opportunities, challenges and performance.

Board of Directors

Lead Independent Director

Independent Oversight

Responsibilities

(Per our Guidelines on Corporate Governance)

11 of 12 directors are independent.

Presides at all meetings of the Board at which the Chairman is not present.

Independent directors regularly meet in executive session without management present at Board and committee meetings.

Presides at all Board executive sessions of the independent directors.

Each director may request items to be addressed at Board meetings.

Maintains regular communications with the independent directors, including an annual evaluation process.

Directors may request additional information from management at any time.

Serves as a liaison between the Chairman and the independent directors.

All committees are composed entirely of independent directors.

Approves the agenda, materials provided to the directors and the meeting schedules.

CEO performance is addressed annually by the GCN, and all other independent members of the Board participate in the CEO's performance evaluation.

Calls meetings of the independent directors, as necessary.

Consults and communicates with major shareholders, if requested.

Develops and maintains a process for CEO and Board succession planning with the GCN.

Term and Selection

Elected by the independent directors annually.

Is generally expected to serve for at least one, but no more than four, years.

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Corporate Governance

Risk Oversight

A key accountability of the Board is the oversight of material risk, and our Board employs a strong process for doing so. As outlined below, management and each Board committee has responsibility for overseeing the identification and mitigation of key risks and reporting their assessments and activities to the full Board.

Management identifies and analyzes risks to determine materiality and other attributes such as timing, probability and controllability. Management broadly considers our business, the utility industry, the domestic and global economies, and the environment, and employs a robust compliance program when identifying, assessing, managing and mitigating risk.

Key Components of Management's Oversight and Mitigation of Risk

Identify and analyze materiality of risks through:

Formal key risk assessment

Financial disclosure process

Hazard risk management process

Internal auditing and compliance with financial and operational controls

Business planning process

Development of strategic goals and key performance indicators

Provide regular presentations to the Board regarding risk assessment and mitigation, including:

Comprehensive risk overview

Legal and regulatory risks

Operating risks

Financial risks

Compliance risks

Manage and mitigate risks through use of management structures and groups, including:

Management councils

Management risk committees

Advice from internal corporate areas

Employ a robust compliance program for the mitigation of risk, including:

Adherence to our Code of Conduct and other compliance policies

Operation of formal risk management structures and groups

Focused management to mitigate the risks inherent in the implementation of our strategy

The Board approaches risk oversight and mitigation as an integral and continuous part of its governance of the Company. First, the Board as a whole regularly reviews management's key risk assessment and analyzes areas of existing and future risks and opportunities. Next, the Board assigns oversight of certain critical risks to each of its four standing committees to ensure these risks are both well understood and provided focused oversight by the committee

with the most applicable expertise. New risks identified during the risk assessment process are considered and assigned as appropriate, typically during the annual Board and committee evaluation process, with committee charters and annual work plans updated accordingly. Committees regularly report on their oversight activities, and certain risk topics may be brought to the full Board for consideration where deemed appropriate to ensure broad Board understanding of the nature of the risk. Finally, the Board conducts an annual strategy session where the Company's future plans and initiatives are reviewed and confirmed in light of the current and projected landscape.

The Audit Committee is responsible for reviewing the adequacy of risk oversight and affirming that appropriate oversight occurs. Current risk assignments are as follows:

Responsible Party	Area of Risk Oversight
Board of Directors	Overall identification, management and mitigation of risk, with a focus on strategic risks
Audit Committee	Financial reporting and internal control risks Adequacy of risk oversight Compliance risk assessment and mitigation
Finance Committee	Financial risks, including liquidity, credit, capital market and insurance risks
GCN Committee	Executive compensation-related risks Political activity risks Board and management succession risks
Operations, Nuclear, Environmental and Safety (ONES) Committee	Operating risks, including nuclear, environmental, physical and cybersecurity risks

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This tiered and structured approach provides a comprehensive risk-management framework that ensures shareholder interests are protected. For example, given its emergence as a threat, the Board employs comprehensive oversight of the risks associated with cybersecurity and the physical security of our assets, with the topic addressed twice at the Board level, as well as at the ONES and Audit Committees throughout the year. While the ONES Committee has primary committee responsibility for this topic due to the operational issues involved, the Board has determined that the topic is of sufficient importance to warrant this comprehensive oversight approach. Augmenting this oversight, the Board conducts annual drills to practice its response in a possible emergency situation to ensure it is well prepared and positioned to perform in a possible crisis.

The Board also employs a process of ensuring compliance practices are sound, a particularly important topic given our highly regulated business. Management performs a regular compliance risk assessment as a companion to the enterprise risk assessment, providing a focused overview of the unique areas of compliance risk the Company faces. The Audit Committee is regularly apprised of compliance risks via regular briefings and written updates to ensure these risks are appropriately managed and mitigated.

Board Committees**Structures**

As noted, the Board employs a committee structure to assist in conducting its work and regularly refreshes that work in light of regular risk assessments. By assigning responsibilities to committees with particular expertise and focus, the Board can ensure it fulfills its duties in an efficient and effective manner.

Committees are made up exclusively of independent directors, with members of Audit and GCN meeting additional independence criteria. Each operates under a written charter that clearly defines its responsibilities, which is regularly reviewed and approved at both the committee and Board level. Committees have the authority to engage outside experts, advisors, and counsel to assist in their duties, as needed. In addition, each committee undertakes a regular evaluation process and members participate in training on relevant topics to ensure the committee functions well and directors are well educated on issues. Additional information regarding these governance practices is provided in the *Practices* section below.

For topics having broad implications for Xcel Energy, the full Board may hear or act on any issue, and committees may provide updates up to the full Board for its information and consideration. Likewise, a committee may delegate all or a portion of its responsibilities to a subcommittee, as appropriate. This flexibility can be employed as appropriate to ensure risks are effectively overseen and managed.

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(6 Meetings; 6 Executive Sessions)

Oversees the financial reporting process, including the integrity of our financial statements, compliance with legal and regulatory requirements and our Code of Conduct, and the independence and performance of internal and external auditors.

O'Brien (chair)**Sampson**

Reviews the annual audited financial statements and quarterly financial information with management and the independent registered public accounting firm.

Westerlund

Appoints our independent registered public accounting firm.

Williams

Reviews with management the Company's major financial risk exposures and the steps management has taken to monitor and control the exposures, including the Company's risk assessment and risk management guidelines and policies.

Yohannes

Reviews the compliance risks and implementation and effectiveness of our compliance and business conduct program.

All members are financially literate and independent under the applicable Nasdaq and SEC requirements

Reviews the scope and the planning of the annual audit with both the independent registered public accounting firm and internal auditors.

Reviews the findings and recommendations of both internal auditors and the independent registered public accounting firm and management's response to those recommendations.

Mr. O'Brien and Ms. Williams have been determined to be audit committee financial experts under the definitions provided by the SEC

No member serves on the audit committees of more than three public boards

Finance Committee

(7 Meetings; 5 Executive Sessions)

Oversees corporate capital structure and budgets and recommends approval of major capital projects.

Williams (chair)

Oversees financial plans and key financial risks.

Davis

Oversees dividend policies and makes recommendations as to dividends.

Oversees insurance coverage and banking relationships.

Owens	Reviews investment objectives of our nuclear decommissioning trust and trusts for our employee benefit plans.
Sampson	Oversees investor relations. Reviews and recommends new business.
Wolf	
Yohannes	

All members are independent

Governance, Compensation and Nominating Committee (GCN)

(4 Meetings; 3 Executive Sessions)	Determines Board organization, selection of director nominees and setting of director compensation.
Davis (chair)	Recommends Lead Independent Director and Board committee memberships. Ensures effective CEO and Board succession planning.
Policinski	Evaluates performance of the CEO.
Prokopanko	Approves executive officer compensation, including incentives and other benefits. Oversees compensation and governance-related risks.
Sheppard	Establishes corporate governance principles and procedures. Oversees Company's Code of Conduct policy.
Westerlund	Reviews the Company's lobbying expenditures, contributions, and key lobbying activity and the related Company policy. Reviews the Company's workforce strategy and risks and the process for management development and long-range planning.
<i>All members meet the Nasdaq standards for independence</i>	Reviews proxy disclosures regarding directors' and executive officers' compensation and benefits. Prepares the Report of the Compensation Committee included in this proxy statement.

Operations, Nuclear, Environmental and Safety Committee (ONES)

(4 Meetings; 4 Executive Sessions)	Oversees nuclear strategy, operations and performance, including the review of the results of reports and major inspections and evaluations.
Sheppard (chair)	Oversees the operating issues and performance of the Company's significant electric and natural gas operations.
O'Brien	Reviews environmental strategy, compliance, performance issues and initiatives.
Owens	Reviews material risks relating to our nuclear operations and environmental and safety performance, as well as risks, performance and compliance with operations measures of our electric and natural gas systems.
Prokopanko	
Wolf	

All members are independent

Oversees physical and cyber security risks related to plants and operations.
Reviews safety performance, strategy and initiatives.

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Corporate Governance

Practices

Evaluations

The Board and committees conduct an annual assessment process to evaluate the effectiveness of their processes, identify issues or topics for further exploration and provide feedback on the quality and timeliness of information from management, among other things. The process includes a survey of the directors, individual interviews with the Lead Independent Director, discussion in both regular and executive sessions, and feedback to management. The Board believes this assessment process is an important component of the governance process and helpful in driving continued improvement in the overall effectiveness of Board and committee oversight.

Training

Committees are regularly apprised of new and emerging requirements and trends facing the industry. Each committee conducts training on topics relevant to its responsibilities, and committees regularly seek input to prioritize training topics. In addition, the ONES Committee participates in site visits to gain understanding of our operations, including tours of our nuclear plants, and the full Board has toured certain facilities to gain even deeper understanding of various aspects of our business. For example, in 2017, directors visited the command center for execution of our Productivity through Technology project, a key initiative to deploy major software systems. Directors are encouraged to participate in outside training on topics related to corporate governance and industry issues. In addition, under our Guidelines on Corporate Governance, each new director is expected to participate in a detailed orientation process and each sitting director is expected to participate in periodic continuing education.

The Company publishes continuing education opportunities periodically for director consideration and facilitates participation. During 2017, members of the Board attended outside training on topics such as financial governance, emerging trends in audit issues, and education on nuclear issues.

Strategy Session

The Board annually conducts a strategy session to consider new and emerging industry trends, consult with outside experts, and assess current strategies and key initiatives to ensure the Company is well positioned for the future. This session offers the opportunity for a fluid exchange of information and ideas, helping to refine the current approach, identify new opportunities and risks, and establish key objectives to be monitored throughout the year as the strategies are executed. Agendas for future Board meetings are set in consideration of these objectives.

Succession Planning

The Board employs robust practices to ensure strong continuity of skills and leadership over time through sound succession planning. The GCN regularly develops and the Board regularly reviews succession plans for the CEO and top leaders, as well as plans to develop and/or acquire talent in key positions of management. Likewise, the GCN regularly reviews timing of changes in Board make-up given director tenure and age requirements to identify the

timing and needed skills for seeking new directors for Board positions, as well as paths for Board leadership positions, such as committee chairs. The Board has been successful in recruiting and bringing on new directors with unique skills that are important to our business and will continue to develop and execute plans to ensure sound governance, strong leadership, and business continuity through effective succession planning.

Shareholder Engagement and Investor Outreach

Our Company believes that regular, transparent communication with our shareholders and other stakeholders is essential to Xcel Energy's long-term success. We have continued our practice of engaging with shareholders throughout the year on a range of topics. Presentations at financial conferences, meetings with analysts and investment firms, regular outreach on governance topics, and responding to inquiries are examples of the activities we employ to engage our shareholders. During 2017, our governance outreach with our largest shareholders represented more than 40 percent of outstanding shares, we participated in 20 sell-side/industry conferences or non-deal road shows and held over 160 individual and group meetings with approximately 395 institutional investors, representing nearly 70 percent of shares held by active managers. The Board received regular updates on such efforts. The Board also offers channels for shareholders to contact it with any inquiry or issue, and responds as appropriate.

Communications with the Board

The Board welcomes your input. You may communicate with the Board in two ways: First, you may send correspondence to the Company's principal offices in care of the Corporate Secretary, Xcel Energy Inc., 414 Nicollet Mall, Minneapolis, Minnesota 55401. Second, you may contact the directors directly via email at *BoardofDirectors@xcelenergy.com*. These emails are sent automatically to an independent director designated to receive such communications. The email is simultaneously sent to the Corporate Secretary's office, who may act as agent for the independent directors and coordinate the response. If the receiving director requests the Company to respond on behalf of the directors, a copy of the Company-prepared response is provided to the receiving director. If the receiving director does not request a response, the agent acting for the receiving director will provide a summary of the actions taken. The Company reserves the option to review and change this policy if directed by the Board due to the nature and volume of the correspondence.

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Corporate Governance

Determining Executive Officer and Director Compensation

The GCN has broad authority to develop and implement compensation policies and programs for executive officers and directors. The GCN may retain independent, external compensation consultants to assist in this effort and may change consultants at any time during the year if it determines that a change would be in the best interests of the Company and its shareholders.

To assist in setting 2017 compensation, the GCN retained Meridian Compensation Partners, LLC (Meridian) as its independent, executive compensation consultant. Meridian is an independent consulting firm delivering advisory services to compensation committees and does not perform any assignments for the Company other than providing executive and director compensation services for the GCN.

Several internal controls exist to ensure the independent judgment of Meridian:

Meridian reports directly to the GCN and not to Company management.

Meridian routinely participates in executive sessions of the GCN without members of management present.

The GCN has the exclusive authority to hire, retain, and set the compensation for its executive compensation consultant and advisors.

The GCN assessed Meridian's independence pursuant to Nasdaq and SEC rules and concluded that no conflict of interest exists that prevents it from independently advising the GCN. In its oversight of our 2017 executive compensation program, the GCN worked with Meridian, the CEO and the Executive Vice President, Group President, Utilities and Chief Administrative Officer. The GCN receives additional support from the Senior Vice President, Corporate Secretary and Executive Services; the Senior Vice President, Human Resources and Employee Services; and the Executive Vice President, General Counsel. In 2017, the CEO and other officers provided recommendations with respect to:

The corporate performance objectives and goals, on which awards of both annual and long-term incentive compensation are based.

Attracting, retaining and motivating executive officers.

Information regarding financial performance, budgets and forecasts as they pertain to executive compensation.

Market information regarding compensation levels, practices, and trends.

Additional information regarding the determination of executive compensation is included in the Compensation Discussion and Analysis (CD&A) beginning on page 28.

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Corporate Governance

Board Planning and Composition

We believe that the most effective oversight comes from a Board of Directors that represents a diverse range of experience and perspectives that provide the collective skills, qualifications, and attributes necessary to provide sound governance. We also believe it is important for the Board to work well as a whole, with members bringing their experience to the table and dialoguing freely with each other and with management to create an environment that results in well functioning oversight. The GCN regularly reviews with the Board the experience and attributes desired for effective governance in our changing industry and evaluates the current Board make-up in light of these criteria.

Director Experience and Attributes

We seek directors with experience and expertise in the following areas:

Leadership and Strategy

Directors who hold or have held significant leadership positions provide the Company with unique insights. These people generally possess extraordinary leadership qualities as well as the ability to identify and develop those qualities in others. They demonstrate a practical understanding of organizations, processes, strategy, risk management and corporate governance, and know how to drive change and growth.

Finance

Accurate financial reporting and thorough auditing are critical to our success. We seek to have a number of directors who qualify as audit committee financial experts, and we expect all of our directors to be literate in finance and financial reporting processes.

Risk Management

Effectively managing risk in a rapidly changing environment is critical to our success. Directors should have a sound understanding of the most significant risks facing the Company and the experience and leadership to provide effective oversight of risk management processes.

Environmental Issues

The production of energy has environmental implications, and how we address rapidly evolving environmental regulation has important strategic implications. Directors with experience in addressing complex environmental regulations or siting major facilities bring valuable expertise to our Board.

Nuclear Operations

A portion of our business deals with nuclear regulations and operations. Therefore, we seek at least one director with experience in nuclear risk management and nuclear power operations to provide effective oversight and expertise to our business.

Regulated Industry

Our businesses are heavily regulated and are directly affected by governmental actions. Likewise, cultivating a strong culture of compliance is critical to our business success and maintaining our strong reputation and brand. As such, we seek directors with experience with government or with highly regulated businesses who possess insight and understanding of effective strategies and compliance.

Customer and Community

Understanding the interests and needs of stakeholders such as our customers, communities and policymakers is important in a business as critical as ours; effective engagement with stakeholders is likewise important to our business success. Marketing and branding expertise is also important as our business becomes more competitive and as we seek to better understand and communicate with stakeholders. We seek directors who have experience in consumer businesses and are committed to excellence in service.

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Corporate Governance

In addition to experience and expertise, the GCN and Board consider several additional factors in assessing Board composition and director nominees:

Tenure and Board		
Independence	Diversity	Refreshment
<p>Regular assessments of regulatory requirements, including potential competitive restrictions and interlocks</p> <p>Other positions and directorships held are considered</p>	<p>Diversity of backgrounds, experience and thought is important in ensuring effective risk oversight</p> <p>Ethnicity, gender, age, disability, veteran status, sexual orientation, race, national origin, color, religion, creed, geographic representation, education and personality are considered</p>	<p>Diversity in tenure creates good mix of perspectives</p> <p>Emerging business needs and desired skills are considered when evaluating potential Board candidates</p>
<i>Independence is a critical requirement for good governance</i>	<i>Embracing diversity is one of our core corporate values</i>	<i>Longer-tenured directors bring a deep understanding of the Company</i>
<p><i>The Board reviews independence annually, when candidates are evaluated and upon position changes for an existing director</i></p>	<p><i>Our Guidelines on Corporate Governance identify diversity as an important consideration when seeking candidates for the Board</i></p>	<p><i>Newer members bring fresh perspectives or expertise related to an emerging issue</i></p>
<p>It is critical for the Company and shareholders to have a well rounded, diverse Board that functions well as a whole. In evaluating director nominees, the GCN considers experience in the areas identified above and expects director nominees to have proven leadership skills, sound judgment, integrity and a commitment to the success of the Company. In addition, for incumbent directors, the GCN considers attendance, past performance on the Board and contributions to the Board and applicable committees.</p>		

Board Statistics

Director Independence

Each of our director nominees other than Mr. Fowke is independent. The Board has satisfied, and expects to continue to satisfy, its objective to have no more than two directors who are not independent serving on the Board at any time.

The Board determined director independence under the standards established by the Nasdaq, which we have adopted with a four-year look back. In addition, a director who is an employee or representative of a significant supplier of any Xcel Energy business unit or legal entity will not be independent unless we entered into the relationship with the supplier as a result of competitive purchasing practices. When evaluating director independence, the Board has determined that the receipt of regulated electric and gas service from the Company does not constitute a material relationship.

The Board reviews ordinary course of business transactions in which directors have an interest as part of the Board's annual independence review. The Board specifically considered the Company's ordinary course transactions with U.S. Bancorp when determining Mr. Davis' independence. During 2017, U.S. Bancorp affiliates provided service to the Company, for which we paid U.S. Bancorp approximately \$1.4 million, or less than .01 percent of U.S. Bancorp's annual revenue. The services provided included trustee services, service as a non-lead participant for our and our subsidiaries' syndicated revolving credit facilities and service as one of four co-lead underwriters, but not as the lead billing and delivery underwriter, on a public debt securities offering by one of our subsidiaries. U.S. Bank's involvement with our revolving credit facilities and as an underwriter were not advisory in nature and did not involve access to strategic decision-making information.

The Board considered the nature and relative size of the transactions, the lack of Mr. Davis' personal involvement in the transactions and the routine commercial nature of such transactions. Based on its consideration of these factors, the Board determined that none of the transactions impaired Mr. Davis' independence. In addition, none of the transactions were related-party transactions because Mr. Davis did not have a direct or indirect material interest in the listed transactions.

Director Attendance

During 2017 the Board met six times, and the independent directors met in executive session without management present on all six occasions. The average attendance for all directors at Board and committee meetings was approximately 99 percent. Eleven of our directors attended 100 percent of Board and applicable committee meetings, while one director was slightly lower at 93 percent. Each director also attended a half-day strategy session and related executive session. We do not have a formal policy, but encourage our directors to attend the annual meeting of shareholders. All then-serving directors attended the 2017 annual meeting.

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Corporate Governance

Director Tenure

The Board believes that diversity in tenure creates a good mix of perspectives with longer-tenured directors bringing a deep understanding of the Company while others bring a fresh perspective and expertise helpful to keeping abreast of a changing industry. The GCN considers emerging business needs and desired skills when evaluating potential candidates. Over the past five years, the Board has added three new directors. As of the date of this proxy statement, the Board consists of 12 directors, whose tenure is shown below.

New Director Nominee

The Board determined to expand the size of the Board in 2017 by one additional director and currently has a total of 12 members. The GCN reviewed the skills and expertise of the Board and determined the Board would benefit from an additional member with expertise in economic and project development, complex stakeholder relationships, and capital and investment management. The GCN sought recommendations of the directors and during a conversation among the Chairman, the Lead Independent Director and the Chair of the GCN, they identified Mr. Owens (who had previously presented to the Board) as a potential candidate. After reviewing Mr. Owens' qualifications and interviewing him, the GCN recommended him for election to the Board, which the Board approved in August 2017. Mr. Owens' extensive experience in the electric industry and working with the diverse stakeholders that impact our business brings valuable experience and strategic insight to the Board.

We believe our slate of director nominees provides a well rounded and well qualified Board that collectively provides effective oversight and governance of the Company.

Governing Documents

The following materials relating to our corporate governance can be found on our website at www.xcelenergy.com, under Company Investor Relations Governance Documents and are also available free of charge to shareholders who request them.

Guidelines on Corporate Governance

Governance, Compensation and Nominating
Committee Charter

Amended and Restated Articles of Incorporation

Operations, Nuclear, Environmental and Safety
Committee Charter

Bylaws

Finance Committee Charter

Audit Committee Charter

Shareholders may request our governing documents by writing our offices at: Corporate Secretary, Xcel Energy Inc., 414 Nicollet Mall, Minneapolis, Minnesota 55401. We publish any amendments to the Code of Conduct and waivers of the Code of Conduct for our executive officers or directors on our website.

Shareholder Recommendation of Directors

Any shareholder may recommend potential nominees to the GCN for consideration for membership on the Board. Recommendations can be made by sending a written statement of the qualifications of the recommended individual to the Corporate Secretary, Xcel Energy Inc., 414 Nicollet Mall, Minneapolis, Minnesota 55401. Such recommendations should be received by October 1, 2018 to be considered for the 2019 annual meeting. The GCN will evaluate candidates recommended by shareholders on the same basis as it evaluates other candidates.

Proxy Access

In February 2016, we amended our bylaws to permit any shareholder (or group of no more than 20 shareholders) owning three percent or more of our common stock continuously for at least three years to nominate up to an aggregated limit of two candidates or 20 percent of our Board (whichever is greater) for inclusion in our proxy statement. Notice of such nominees for the 2019 annual meeting must be received no earlier than November 4, 2018 and no later than close of business on December 4, 2018. Notice should be addressed to the Corporate Secretary, Xcel Energy Inc., 414 Nicollet Mall, Minneapolis, Minnesota 55401. Requirements for such nominations and nominees are detailed in our bylaws, which are available on our website at www.xcelenergy.com, under Company Investor Relations Governance Documents .

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Proposal No. 1

Proposal No. 1

Election of Directors

Serving shareholders well is a key priority for your Board. We believe a well qualified and diverse mix of directors best positions the Board to effectively govern and achieve strong results. Demonstrated leadership, judgment, and expertise, combined with diversity, integrity, and experience, are some of the important characteristics for Board members. Such characteristics are evaluated when considering director candidates.

Twelve nominees have been recommended by the GCN and nominated by the Board. We believe this slate of directors brings not only the right expertise and experience to the Board, but also the right attributes to ensure constructive and free exchange of ideas and opinions with each other and with management.

Eleven of the twelve nominees are Xcel Energy directors who were elected by shareholders at the 2017 annual meeting. In August, the Board elected to bring on the significant industry expertise and experience of Mr. David Owens, whose background is detailed below. Because Gail K. Boudreaux resigned at the end of 2017 due to a significant change in her career responsibilities that could not accommodate her continued membership, the Board has elected to remain at twelve members.

Each nominee has agreed to be named in this proxy statement and to serve if elected. Should any nominee become unable to serve for any reason, the persons named as proxies reserve full discretion to vote FOR any other persons who may be recommended by the GCN and nominated by the Board, or the Board may reduce the number of nominees. If elected at the 2018 annual meeting, the nominees will hold office until the 2019 annual meeting and until their successors have been elected and qualified.

Vote Required

Each director shall be elected by majority vote, meaning a nominee must receive more votes FOR election than the votes cast AGAINST. Any director who does not receive a majority of the votes cast FOR election must offer his or her resignation for consideration by the Board under the process outlined on page 61. Proxies solicited by the Board will be voted FOR each of the nominees, unless a different vote is specified.

Your Board recommends a vote FOR the election to the Board of each of the following nominees.

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Proposal No. 1

Nominees

Director Qualifications and Experience:

Mr. Davis' executive experience in the highly regulated banking industry provides the Board with valuable leadership skills, strategic insight, and commercial acumen. His extensive financial expertise is valuable in our capital-intensive industry and his background in delivering strong results for a complex financial institution brings valuable skills to the Board. Mr. Davis also serves as a director of several nonprofit and educational institutions in the communities that we serve, bringing an enhanced awareness of our stakeholder base that is valuable to our business. Mr. Davis previously served as Lead Independent Director for four years.

Business Experience:

Executive Chairman, U.S. Bancorp, a multi-state financial holding company (April 2017 to April 2018)

Chairman, U.S. Bancorp (2007 to April 2017) and CEO (2006 to April 2017)

President, U.S. Bancorp (2006 to January 2016)

Committees:

GCN (Chair)

Finance

Director Qualifications and Experience:

With a long and distinguished career in the utility industry, Mr. Fowke provides the strategic focus and leadership needed to position the Company well for the future. Having served as the Company's Chief Financial Officer, he has a strong background in finance, financial reporting, and shareholder outreach. His extensive experience in environmental issues,

operations, and the energy business makes Mr. Fowke keenly familiar with the risks we face and provides unique insight into effective management of those risks that has delivered strong results over the long term. His tenure and involvement in the utility industry provides significant expertise on regulatory and policy issues that are central to our business, and he is active in representing and advocating for the industry on important national issues such as security and tax reform. With his service as a director of nonprofit institutions and utility industry organizations, he provides good understanding of not only the opportunities and challenges of our business, but also the customers and communities we serve.

Business Experience:

Chairman of the Board and CEO, Xcel Energy Inc. (2011 to present)

President, Xcel Energy Inc. (2009 to present)

Chief Operating Officer, Xcel Energy Inc. (August 2009 to August 2011)

Various Executive Positions with Xcel Energy Inc. since 2002

Committees:

None

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Proposal No. 1

Director Qualifications and Experience:

Mr. O'Brien's extensive executive experience provides to the Board valuable strategic insight, leadership skills, and a sound understanding of delivering effective operations in an expansive and capital-intensive business. His acumen in financial reporting and accounting has been determined by our Board to qualify him as an audit committee financial expert. He is currently consulting in the areas of strategy and leadership and operating effectiveness with select mining and private equity firms considering investments in the mining industry. His background in both the mining and electric and gas industries is directly relevant to our business and he brings both valuable experience in effective management of environmental issues and expertise in industry and regulatory issues to our Board.

Business Experience:

Independent Consultant (October 2015 to current)

President and CEO, Boart Longyear Limited, a global provider of drilling services, equipment and performance tooling for mining and drilling companies globally (April 2013 to October 2015)

CEO, Newmont Mining Corporation, a global gold mining company (September 2012 to February 2013)

President and CEO, Newmont Mining Corporation (July 2007 to September 2012)

Committees:

Audit (Chair)

ONES

Director Qualifications and Experience:

With 30 years of leadership experience in the energy industry, Mr. Owens brings a wealth of knowledge and skill to the Board. In his role at the Electric Edison Institute, the electric utility industry trade association, he oversaw key areas such as environmental, energy supply and finance, and state and federal regulatory and policy issues, all important topics for our business. He is a recognized expert in the energy field and has been a leader in shaping constructive public policy frameworks to support the industry's transition to new and cleaner technologies. An active member in the community, Mr. Owens serves on the boards of a number of professional, academic, and community-based organizations.

Business Experience:

Executive Vice President, Business Operations Group and Regulatory Affairs, Edison Electric Institute (October 1992 to June 2017)

Committees

Finance

ONES

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Proposal No. 1

Director Qualifications and Experience:

Mr. Policinski leads a rapidly growing, multinational food and agricultural cooperative, experience that positions him to provide valuable leadership and strategic insight in effectively addressing environmental and other major issues. As president and CEO of the third-largest United States cooperative, Mr. Policinski has a wealth of experience in effectively managing operations, addressing new risks and regulatory requirements, and delivering value via effective growth management. He is well versed in finance and the financial reporting process. An active member of the community, Mr. Policinski serves as a director of a number of nonprofits, educational institutions and trade industry groups and provides a solid understanding of the communities we serve.

Business Experience:

President and CEO, Land O Lakes, Inc., an agricultural and dairy cooperative (October 2005 to present)

Senior leadership positions at Land O Lakes, Inc. and The Pillsbury Company, a grain processor and food production company

Committees

GCN

Director Qualifications and Experience:

Having led large and complex businesses, Mr. Prokopanko brings valuable leadership skills and strategic insight to the Board. Throughout his career he has created growth, managed expansive operations, built key assets and effectively addressed environmental issues, all valuable skills to contribute to the Board. His experience in commodities, with capital-intensive businesses, and as a director for other public companies likewise contributes valuable and relevant expertise to the Board. Mr. Prokopanko works with and serves on the boards of several nonprofit organizations and brings a thoughtful understanding of the communities we serve.

Business Experience:

President and CEO, The Mosaic Company, producer of phosphate and potash crop nutrients (January 2007 to August 2015)